



A PROFESSIONAL  
LAW CORPORATION

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February 22, 2000

*M/019/005*  
**RECEIVED**

FEB 22 2000

DIVISION OF  
OIL, GAS AND MINING

Lowell P. Braxton, Director  
Utah Division of Oil, Gas & Mining  
1594 West North Temple, Suite 1210  
Salt Lake City, Utah 84114-5801

**Re: Release of PCS Phosphate Company, Inc., Cane Creek Mine,  
M/019/005, Grand County, Utah**

Dear Mr. Braxton:

As you know, PCS Phosphate Company, Inc. ("PCS") has entered into an agreement to sell the stock of Moab Salt, Inc. ("MSI") to Intrepid Oil & Gas, LLC ("Intrepid"). In connection with the closing of that transaction, PCS requests a release from the Division of Oil, Gas and Mining (the "Division") of any bonding and reclamation obligations of PCS and its officers, directors and affiliates (excluding MSI) connected with the Cane Creek Mine. On January 26, 2000 the Division's Board and its counsel confirmed at a public hearing that the Division, through its Director, has the statutory authority to enter into the requested release.

On January 8, 1990, the Division, through its Board, entered into a Self Bonding and Indemnity Agreement (the "Self Bonding Agreement") with Moab Salt, Inc. ("MSI") to secure reclamation obligations for the Cane Creek Mine in Grand County, Utah. By Guaranty of the same date, Texasgulf Inc., the parent corporation of MSI, agreed to guaranty the performance and discharge by MSI of MSI's covenants and obligations arising under the Utah Mined Reclamation Act (the "Act") and the Self Bonding Agreement, Reclamation Plan, and Reclamation Contract relating to Permit No. M/019/005. Texasgulf Inc. subsequently changed its name to PCS Phosphate Company, Inc.

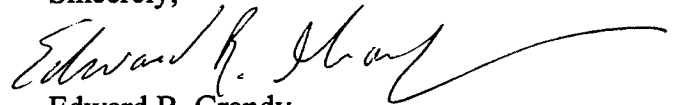
PCS understands that the Division has received an acceptable replacement surety from MSI in connection with the purchase by Intrepid of all of the shares of MSI from PCS. PCS hereby requests that the Division release PCS, formerly known as Texasgulf Inc., and their officers, directors and affiliates (excluding MSI) as provided in the attached letter, which we understand has been accepted in form by the Division. The letter confirms that PCS will have no ongoing bonding, reclamation or guaranty obligations to the Division upon the sale of MSI to Intrepid and the acceptance by the Division of an acceptable replacement surety. Such release reflects that MSI and the provider of its replacement

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surety are the parties responsible for all mining and reclamation activities associated with the project.

Thank you for your cooperation and consideration of the release to facilitate the purchase of the shares of MSI by Intrepid.

Sincerely,



Edward B. Grandy